

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE CLOSURE OF NAVAL
AIR STATION ALAMEDA, CALIFORNIA,
AND REALIGNMENT TO PUGET SOUND
NAVAL SHIPYARD, WASHINGTON

Report No. 95-196

May 17, 1995

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Acronyms

BRAC
MILCON
PSNS

Base Realignment and Closure
Military Construction
Puget Sound Naval Shipyard



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884**



Report No. 95-196

May 17, 1995

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT)**

SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for the
Closure of Naval Air Station Alameda, California, and Realignment to
Puget Sound Naval Shipyard, Washington (Project No. 5CG-5017.26)

Introduction

We are providing this report for your information and use. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Inspector General, DoD, must evaluate significant increases in Defense base realignment and closure (BRAC) military construction (MILCON) project costs over estimated costs provided to the Commission on Defense Base Closure and Realignment (the Commission) and send a report to the congressional Defense committees. This report is one in a series of reports about FY 1996 base realignment and closure military construction costs. This report discusses project P-298T, "Missile Magazines," valued at \$5.1 million, and project P-300T, "Parking Garage," valued at \$14.4 million, resulting from the closure of Naval Air Station Alameda, California, and realignment to Puget Sound Naval Shipyard (PSNS), Washington.

Audit Results

The Navy identified valid BRAC construction requirements, adequately documented the basic facility requirements, and considered existing facilities when planning the scope of projects P-298T and P-300T. The budget data applicable to the projects were reasonable and accurate. We identified no material management control weaknesses associated with the project.

Audit Objectives

The overall audit objective was to determine the accuracy of Defense BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of the management control program as it applied to the audit objectives.

Scope and Methodology

Audit Scope. We examined the FY 1996 BRAC MILCON budget request and applicable documentation regarding the realignment of ships from Naval Air Station Alameda to the Pacific Northwest. The realignment resulted in two BRAC MILCON projects:

- o project P-298T, valued at \$5.1 million, for constructing two type "M" missile magazines at the Port Hadlock Detachment, Washington, and

- o project P-300T, valued at \$14.4 million, for constructing a parking garage at the PSNS.

We reviewed supporting documentation dated from August 1993 through March 1995 for the two projects. We did not use computer-processed data to conduct this audit.

Audit Time Period, Standards, and Locations. This economy and efficiency audit was conducted from January through March 1995 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. Enclosure 1 provides additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs. Enclosure 3 lists the organizations visited or contacted during the audit.

Prior Audits and Other Reviews

Since 1991, numerous audit reports have discussed DoD BRAC issues. Enclosure 2 lists selected DoD and Navy BRAC reports.

Background

The FY 1993 Commission recommended the closure of Naval Air Station Alameda and the realignment of its ships to the Pacific Northwest. The realignment resulted in the two BRAC MILCON projects, P-298T and P-300T.

Discussion

Missile Magazines Requirement for Project P-298T. The Naval Ordnance Center, Pacific Division, Seal Beach, California, identified a requirement for additional missile storage space at the Port Hadlock Detachment to support aircraft carriers realigned to the Pacific Northwest. For project P-298T, the Naval Ordnance Center proposed constructing two type "M" missile magazines at an estimated cost of \$5.1 million. The Navy will realign one aircraft carrier to PSNS and another aircraft carrier to Naval Station Everett, Washington. The

Port Hadlock Detachment is the only facility located in the Pacific Northwest that supports the ordnance logistical needs of ships at PSNS and Naval Station Everett.

BRAC MILCON Space Requirements. The Navy properly planned, programmed, and documented the requirements for project P-298T. The DD Form 1391, "FY 1994 Military Construction Project Data," and a requirements analysis that detailed the ordnance storage requirements for the aircraft carriers realigned to the Pacific Northwest showed the additional space needed to store missiles for the realigned ships. The documentation explained that existing facilities were not available and supported the requirement for two type "M" missile magazines at the Port Hadlock Detachment to accommodate the realigned ships.

BRAC MILCON Cost Requirements. The Navy properly supported the cost estimates for the missile magazines. The Engineering Field Activity, Northwest, validated the space requirements and cost data and certified the project ready for design on December 9, 1993.

Parking Garage Requirement for Project P-300T. The PSNS, under project P-300T, identified a requirement for a seven-story, 523,770-square-foot parking garage. The parking garage will add about 1,870 parking spaces at PSNS.

BRAC MILCON Space Requirements. The Navy properly planned, programmed, and documented the requirements for project P-300T. The DD Form 1391, the facility master plan document, the unit identification list (a list that shows the number of military personnel assigned to an aircraft carrier), and Naval Facilities Engineering Command Publication-80, "Facility Planning Criteria," showed the number of parking spaces needed to accommodate the personnel assigned to the realigned ships. The documentation supported the fact that existing facilities were not available and that PSNS required a parking garage of about 1,870 parking spaces to accommodate personnel on the realigned ships.

BRAC MILCON Cost Requirements. The Navy properly supported cost estimates for the parking garage. The Engineering Field Activity, Northwest, validated the space requirements and cost data and certified the project ready for design on October 4, 1994.

Management Comments

We provided a draft of this report to you on April 14, 1995. Because the report contains no findings or recommendations, no comments were required, and none were received. Therefore, we are publishing this memorandum report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Joseph P. Doyle, Audit Program Director, at (703) 604-9348 (DSN 664-9348) or Ms. Judith I. Padgett, Audit Project Manager, at (703) 604-9231 (DSN 664-9231). The audit team members are listed inside the back cover.

David K. Steensma

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Deputy Assistant Inspector General
for Auditing

Enclosures

Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the DoD Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress. The following table summarizes the current estimated costs and net savings for the previous three BRAC actions and the actions recommended in the 1995 Commission decisions:

BRAC Costs and Savings
(Billions of FY 1996 Dollars)

	BRAC Actions		Closure Costs	6-Year Net Savings	Recurring Annual Savings	Total Savings
	Realignments	Closures				
1988	86	59	\$ 2.2	\$0.3	\$0.7	\$ 6.8
1991	34	48	4.0	2.4	1.6	15.8
1993	<u>130</u>	<u>45</u>	<u>6.9</u>	<u>.4</u>	<u>1.9</u>	<u>15.7</u>
Subtotal	250	152	13.1	3.1	4.2	38.3
1995	<u>113</u>	<u>33</u>	<u>3.8</u>	<u>4.0</u>	<u>1.8</u>	<u>18.4</u>
Total	363	185	\$16.9	\$7.1	\$6.0	\$56.7

Required Defense Reviews of BRAC Estimates. Public Law 102-190 states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress

Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. COBRA provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because COBRA develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1996 BRAC MILCON \$1.4 billion budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group.

Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected DoD and Navy BRAC reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-172	Defense Base Realignment and Closure Budget Data for Griffiss Air Force Base, New York	April 13, 1995
95-154	Audit of Construction Budget Data for Realigning Naval Training Centers Orlando and San Diego to Various Locations	March 21, 1995
95-150	Defense Base Realignment and Closure Budget Data for Closing Naval Station Charleston, South Carolina, and Realigning Projects to Various Sites	March 15, 1995
95-051	Defense Base Realignment and Closure Budget Data for Closing Mare Island Naval Shipyards, California, and Realigning Projects to Various Sites	December 9, 1994
95-041	Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and the Realignment to Naval Air Station Miramar, California	November 25, 1994
95-039	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, Realigning to Naval Air Station Fallon, Nevada	November 25, 1994
95-037	Realignment of the Fleet and Mine Warfare Training Center from Naval Station Charleston, South Carolina, to Naval Station Ingleside, Texas	November 23, 1994
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning Projects to Various Sites	November 15, 1994

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-010	Defense Base Realignment and Closure Budget Data for Marine Corps Air Station Tustin, California, and Realignment to Marine Corps Air Station Camp Pendleton, California	October 17, 1994
94-146	Defense Base Realignment and Closure Budget Data for Closing Naval Air Station Cecil Field, Florida, and Realigning Projects to Various Sites	June 21, 1994
94-141	Defense Base Realignment and Closure Budget Data for Naval Air Stations Dallas, Texas, and Memphis, Tennessee, Realigning to Carswell Air Reserve Base, Texas	June 17, 1994
94-127	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania	June 10, 1994
94-126	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas	June 10, 1994
94-125	Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia	June 8, 1994
94-121	Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida	June 7, 1994
94-109	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Training Center Great Lakes, Illinois	May 19, 1994

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-108	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California	May 19, 1994
94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Naval Audit Service

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
041-S-94	FY 1995 Military Construction Projects From Decisions of 1993 Base Closure and Realignment Commission	April 15, 1994
023-S-94	Military Construction Projects Budgeted and Programmed for Bases Identified for Closure or Realignment	January 14, 1994
028-C-93	Implementation of the 1993 Base Closure and Realignment Process	March 15, 1993

Organizations Visited or Contacted

Office of the Secretary of Defense

Office of the Under Secretary of Defense (Comptroller), Washington, DC

Department of the Navy

Assistant Secretary of the Navy (Financial Management), Washington, DC

Office of the Comptroller of the Navy, Washington, DC

Naval Sea Systems Command, Arlington, VA

Naval Air Force, U.S. Pacific Fleet, San Diego, CA

Naval Facilities Engineering Command, Alexandria, VA

Engineering Field Activity, Northwest, Poulsbo, WA

Naval Ordnance Center, Indian Head, MD

Naval Weapons Support Center, Crane, IN

Naval Ordnance Center, Pacific Division, Seal Beach, CA

Port Hadlock Detachment, Port Hadlock, WA

Naval Air Station Alameda, Alameda, CA

Puget Sound Naval Shipyard, Bremerton, WA

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Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice,
Committee on Government Reform and Oversight
House Committee on National Security

Honorable Barbara Boxer, U.S. Senate
Honorable Dianne Feinstein, U.S. Senate
Honorable Slade Gordon, U.S. Senate
Honorable Patty Murray, U.S. Senate
Honorable Ronald V. Dellums, U.S. House of Representatives
Honorable Norman D. Dicks, U.S. House of Representatives

Audit Team Members

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